

## PROCEDURE FOR CONFLICTS OF INTEREST AND TRANSACTIONS LINKED TO DIRECTORS AND THOSE PROFESSIONALS WITH DIRECT OR INDIRECT DEPENDENCE OR SUBORDINATION OF THE BOARD OF DIRECTORS

19 July, 2018

### Article 1. Object

1. The Procedure for Conflicts of Interest and Transactions linked to Directors and those Professionals with direct dependence of the Board of Directors ("**Procedure**"), which is part of the Corporate Governance System of NEOENERGIA S.A. ("**NEOENERGIA**", "**Corporation**", "**Company**"), aims to detail the rules for situations in which the interests of the Company or of any of the companies integrated in its group ("**Group**"), directly or indirectly, conflict with the interests of Company Officers or other persons the Superintendence of Compliance of the Company ("**Superintendence**") decides to submit to conflicts of interest rules, or those of its related parties ("**Conflicts of Interest**"), as well as in the transactions that such persons perform with the Group companies ("**Linked Transactions**").

2. The determinations in the Procedure shall have preferential application to the provisions of the *Code of Ethics* in case of conflict between both standards.

### Article 2. Definitions

For purposes of this standard, shall be understood as:

1. People subject to conflict of interest rules:
  - a) Board members and those professionals that have direct dependence of the Management Board, as well as any other Director whom the Board of Directors recognizes such a condition; and
  - b) Those designated persons by the Superintendence, to accommodate the possibility that compete in them potential Conflicts of Interest, considering their function in the Society or in its Group. The Superintendence will communicate their status as persons under the rules of conflict of interest and, likewise, will communicate their identity to Human Resources Management.
2. Persons linked to persons subject to conflict of interest rules:
  - a) The spouse or the person with a similar affective relationship;
  - b) the ascendants, descendants and siblings of the professional or his or her spouse (or person with a similar affective relationship);
  - c) The spouses of the ascendant, descendants and siblings of the professional;
  - d) Any other persons up to the 4th degree of consanguinity or 2nd degree of affinity;
  - e) The entities in which the professional, or persons related to him, by himself or by a person interposed, are in any of the control situations established by law; and

f) The companies or entities in which the professional, or any of the persons related to him, by himself or by a person interposed, occupy a position of administration or direction, or from whom this person receives emoluments for any reason, provided, in addition, he/she exerts, directly or indirectly, significant influence on financial and operating decisions in undertakings or entities.

### **Article 3. Conflicts of Interest**

1. A Conflict of Interest shall be considered to exist in all those situations in which the interest of the Company or of the companies integrated in the Group with the particular interest of the person subject to conflict of interest rules or a person related to her/him.

2. Thus, situations that may characterize a conflict of interest are those that: (i) interfere with, or could interfere with, the efficient, legal, transparent, reliable and honest performance of a professional carrying out his functions; ii) reduce the degree of professionalism with which the professional acts on behalf and / or on account of the Company; iii) harm the interests, values and / or integrity of the Company and / or its image and reputation.

3. Conflicts of Interest can be characterized by a business relationship or a stake in a competitor, customer or supplier of NEOENERGIA, or through the exercise of parallel activities that prevent professional to fulfill their responsibilities to NEOENERGY. The professionals should be alert to recognize and avoid possible conflict of interest during the exercise of their professional activities as well as for their personal and professional relationships.

### **Article 4. Linked Transactions**

1. The Linked Transactions which are subject to the provisions of this Procedure are any transfer of resources, services or obligations, regardless of whether or not there is consideration, made by any person subject to conflict of interest rules or related parties, with the Company or with any of its Group companies.

2. The celebration of a Linked Transaction implies, in any case, a Conflict of Interest by, where applicable, the result in applying the provisions of this Procedure.

### **Article 5. Obligation to communicate Conflicts of Interest to the compliance director**

1. Where the person subject to conflict of interest rules has knowledge of being involved in a situation of Conflict of Interest (direct or indirect by means of a related person), it shall notify in writing as soon as possible, by notification addressed to his superior, who in turn, shall refer such communication to the Chief Compliance.

2. The communication will contain a description of the situation that characterizes the Conflict of Interest, indicating that it is a situation of direct or indirect conflict through of a related person, and must identify the latter.

3. The description of the situation should detail, in its case, the object and the main conditions of the operation or the projected decision, including its importance or approximate economic evaluation. If the situation that generates the Conflict of Interest is a Linked Transaction, the communication should also indicate the department or the person of the Company or of any of the Group companies involved in it.

4 . If the conflict situation derives from any operation, transaction or event that requires some sort of execution, decision-making or acceptance, the person subjected to conflicts of interest rules must refrain from performing any action until the matter has been studied in detail and a decision adopted by the Superintendence.

5 . Any question of the person subject to conflicts of interest rules could be inserted in a supposed conflict of interest (direct or indirect through a related person) will be communicated, by such a person, to the hierarchical superior which, in turn, transmit this communication to the compliance director.

The person subjected to conflicts of interest rules should likewise refrain from performing any action until the Superintendence answers the query.

#### **Article 6. Obligation to abstain from participating in decision-making in case of Conflict of Interest**

1. If the situation of Conflict of Interest derives from an operation or transaction whose approval will correspond to any administration organ, the person subjected to conflicts of interest rules must refrain from influencing the decisions.

2. Likewise, a person subject conflicts of interest rules should refrain from accessing the confidential information that affects this conflict.

#### **Article 7. Information on Conflicts of Interest**

1. The Superintendence shall maintain an updated record of Conflicts of Interest communicated by persons submitted to conflict of interest rules, being the duty of the person submitted to such rules the updating, together with the Superintendence, of the information on the conflicts to which it may be exposed.

2. The information contained in this registry will have the level of detail sufficient to understand the scope of each of the conflict situations.

#### **Article 8. Authorization of Linked Transactions**

1. The Linked Transactions shall be subject, in any case, to the authorization of the Superintendence, except as provided in item 5 of this Procedure.

2. The Superintendence will ensure that Linked Transactions be submitted under market conditions. For this purpose, the Superintendence may request the cooperation of the Finance and Resources Direction for the analysis of the Linked Transaction in question, so that it may serve as the basis for deciding on its authorization.

3. In the case of Linked Transactions , within the ordinary course of business and which are habitual or recurrent, a generic and prior authorization of the line of operations and its execution conditions will suffice.

4. When the Linked Transaction involves the successive execution of different transactions, of which the second and subsequent are mere acts of execution of the first, the provisions in this Procedure will apply only to the first transaction that is performed.

5. The authorization of the Superintendence shall not be required in respect of transactions which simultaneously meet the following three conditions: (i) which are carried out under contracts whose conditions are standardized and apply in large numbers to a large number of customers; ii) that are made at prices or tariffs generally established by those who act as suppliers of the good or service in question; and iii) that the amount involved does not exceed the amount of R \$ 1,000,000.00 (one million reais).

#### **Article 9. Obligation to report on Linked Transactions to the Superintendence**

1. Subject to the stated in the previous article, and except for the express exemption of the Superintendent, persons subject to conflicts of interest rules must inform in writing on the Linked Transactions that are performed by notice addressed to the compliance director . This communication should be sent every six months, within the first week of January and July of each year.

2. The communication shall include the following contents, as follows: i) nature of the transaction ; ii) the date on which the transaction originated; (iii) payment terms and conditions; iv) identity of the person conducting the transaction and relationship, in his case, the person subjected to conflicts of interest rules; v) importance of the transaction; vi) any other aspect that allows valuing and framing the transaction properly, such as: pricing policies, guarantees granted and received, including, in particular, that information to verify that it was made under market conditions.

3. To these effects, the compliance director sends every six months to the persons submitted to conflict of interest rules a communication, requiring them the timely information that they should refer to the Company.

#### **Article 10. Registration of Linked Transactions**

1. The Superintendence will keep a record of the Linked Transactions. The information contained in this record will be thus available to the Financial Management in cases where requested to do so and in any case, every six months.

2. The transactions that incorporate such registration will be subject to publication in the supposed and the expected scope in normative applicable at all times.

This *Procedure* was initially approved by the Board of Directors on July 19, 2018.